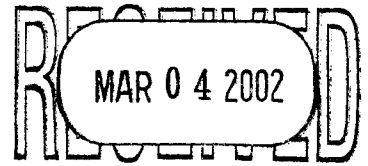
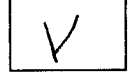


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION



ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

Director of Utilities



W-02372A
VERDE LAKES WATER CORPORATION
2867 S. VERDE LAKES DRIVE #B
CAMP VERDE AZ 86322-

ANNUAL REPORT

FOR YEAR ENDING

12	31	2001
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FOR COMMISSION USE

ANN04	01
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Processed by:

3/5/02 CMC

SCANNED

COMPANY INFORMATION

Company Name (Business Name) VERDE LAKES WATER CORPORATION

Mailing Address 2867 SOUTH VERDE LAKES DRIVE SUITE B
(Street)

CAMP VERDE
(City)

AZ
(State)

86322
(Zip)

928 567 4338

Telephone No. (Include Area Code)

928 567 7049

Fax No. (Include Area Code)

928 300-8836 928 204 8014

Pager/Cell No. (Include Area Code)

Email Address NA

Local Office Mailing Address 2867 SOUTH VERDE LAKES DRIVE SUITE B
(Street)

CAMP VERDE
(City)

AZ
(State)

86322
(Zip)

928 567 4338

Local Office Telephone No. (Include Area Code)

928 567 7049

Fax No. (Include Area Code)

928 204 8014 928 300 8836

Pager/Cell No. (Include Area Code)

Email Address NA

MANAGEMENT INFORMATION

Management Contact: NA

(Name)

(Title)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: GARRETT L. KLEINE

(Name)

P O BOX 1018
(Street)

RIMROCK
(City)

AZ
(State)

86335
(Zip)

928 567 4338

Telephone No. (Include Area Code)

928 567 7049

Fax No. (Include Area Code)

928 204 8014 928 300 8836

Pager/Cell No. (Include Area Code)

Email Address NA

Statutory Agent: DONNA M. WILLIAMSON
(Name)

2857 ASPEN WAY CAMP VERDE AZ 86322
(Street) (City) (State) (Zip)

928 567 6101 NA NA
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: NA
(Name)

(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input checked="" type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	NA	NA	NA
302	Franchises	NA	NA	NA
303	Land and Land Rights	18,970.00	NA	18,970.00
304	Structures and Improvements	24,255.43	9,876.01	14,379.42
307	Wells and Springs	18,422.63	18,422.63	0
311	Pumping Equipment	50,695.38	25,847.50	24,847.88
320	Water Treatment Equipment	1,524.82	294.24	1,230.58
330	Distribution Reservoirs and Standpipes	105,874.68	79,805.00	26,069.68
331	Transmission and Distribution Mains	333,786.30	312,552.55	21,233.75
333	Services	30,771.49	24,384.00	6,387.49
334	Meters and Meter Installations	55,656.02	32,414.40	23,241.62
335	Hydrants	NA	NA	NA
336	Backflow Prevention Devices	NA	NA	NA
339	Other Plant and Misc. Equipment	NA	NA	NA
340	Office Furniture and Equipment	7,018.34	3,279.16	3,739.18
341	Transportation Equipment	13,944.95	3,123.00	10,821.95
343	Tools, Shop and Garage Equipment	NA	NA	NA
344	Laboratory Equipment	NA	NA	NA
345	Power Operated Equipment	24,243.63	9,553.00	14,690.63
346	Communication Equipment	NA	NA	NA
347	Miscellaneous Equipment	2,258.56	310.00	1,948.56
348	Other Tangible Plant WORK IN PROGRESS	89,700.45	NA	89,700.45
	HELD FOR FUTURE USE	9,350.00	NA	9,350.00
	TOTALS	786,472.68	519,861.49	266,611.09

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	NA	NA	NA
302	Franchises	NA	NA	NA
303	Land and Land Rights	18,970.00	NA	NA
304	Structures and Improvements	24,255.43	5	1,212.77
307	Wells and Springs	18,422.63	5	911.63
311	Pumping Equipment	50,695.38	5	2,524.00
320	Water Treatment Equipment	1,524.82	5	76.24
330	Distribution Reservoirs and Standpipes	105,874.68	5	5,292.00
331	Transmission and Distribution Mains	333,786.30	5	16,673.55
333	Services	30,771.49	5	1,530.00
334	Meters and Meter Installations	55,656.02	5	2,778.00
335	Hydrants	NA	NA	NA
336	Backflow Prevention Devices	NA	NA	NA
339	Other Plant and Misc. Equipment	NA	NA	NA
340	Office Furniture and Equipment	7,018.34	5	350.92
341	Transportation Equipment	13,944.95	5	698.00
343	Tools, Shop and Garage Equipment	NA	NA	NA
344	Laboratory Equipment	NA	NA	NA
345	Power Operated Equipment	24,243.63	5	1,212.00
346	Communication Equipment	NA	NA	NA
347	Miscellaneous Equipment	2,258.56	5	112.00
348	Other Tangible Plant	89,700.45	NA	NA
	WORK IN PROGRESS HELD FOR FUTURE USE	9,350.00	NA	NA
	TOTALS	786,472.68		33,371.11

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 79.66	\$ 115.92
134	Working Funds	9,638.01	6,471.30
135	Temporary Cash Investments	51,002.40	78,077.38
141	Customer Accounts Receivable	6,680.26	6,632.05
146	Notes/Receivables from Associated Companies	NA	NA
151	Plant Material and Supplies	10,841.98	9,776.24
162	Prepayments	3,174.24	8,477.34
174	Miscellaneous Current and Accrued Assets	350.00	389.00
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 81,766.55	\$ 109,939.23
	FIXED ASSETS		
101	Utility Plant in Service	\$ 665,161.83	\$ 687,422.23
103	Property Held for Future Use	9,350.00	9,350.00
105	Construction Work in Progress	89,700.45	89,700.45
108	Accumulated Depreciation – Utility Plant	486,490.38	519,861.49
121	Non-Utility Property	NA	NA
122	Accumulated Depreciation – Non Utility	NA	NA
	TOTAL FIXED ASSETS	\$ 277,721.90	\$ 266,611.19
	TOTAL ASSETS	\$ 359,488.45	\$ 376,550.42

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 67.37	\$ 145.05
232	Notes Payable (Current Portion)	NA	NA
234	Notes/Accounts Payable to Associated Companies	NA	NA
235	Customer Deposits	8,023.93	8,646.00
236	Accrued Taxes	2,385.26	2,322.77
237	Accrued Interest	NA	NA
241	Miscellaneous Current and Accrued Liabilities	NA	NA
	TOTAL CURRENT LIABILITIES	\$ 10,476.56	\$ 11,113.82
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ NA	\$ NA
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ NA	\$ NA
252	Advances in Aid of Construction	46,011.31	49,978.51
255	Accumulated Deferred Investment Tax Credits	NA	NA
271	Contributions in Aid of Construction	800.65	800.65
272	Less: Amortization of Contributions	120.00	160.00
281	Accumulated Deferred Income Tax	NA	NA
	TOTAL DEFERRED CREDITS	\$ 46,691.96	\$ 50,619.16
	TOTAL LIABILITIES	\$ 57,168.52	\$ 61,732.98
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ NA	\$ NA
211	Paid in Capital in Excess of Par Value	NA	NA
215	Retained Earnings	302,319.03	314,817.44
218	Proprietary Capital (Sole Props and Partnerships)	NA	NA
	TOTAL CAPITAL	\$ 302,319.93	\$ 314,817.44
	TOTAL LIABILITIES AND CAPITAL	\$ 359,488.45	\$ 376,550.42

COMPANY NAME

VERDE LAKES WATER CORPORATION

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 191,695.17	\$ 192,045.04
460	Unmetered Water Revenue	NA	NA
474	Other Water Revenues	6,835.40	7,098.50
	TOTAL REVENUES	\$ 198,530.57	\$ 199,143.54
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 71,710.97	\$ 75,909.25
610	Purchased Water	NA	NA
615	Purchased Power	17,980.25	15,687.00
618	Chemicals	82.60	492.41
620	Repairs and Maintenance	11,034.02	17,526.58
621	Office Supplies and Expense	7,615.57	8,505.49
630	Outside Services	NA	NA
635	Water Testing	3,088.98	3,525.96
641	Rents	4,200.00	4,200.00
650	Transportation Expenses	6,033.01	5,133.02
657	Insurance – General Liability	2,782.00	2,793.00
659	Insurance - Health and Life	NA	325.80
666	Regulatory Commission Expense – Rate Case	NA	NA
675	Miscellaneous Expense	2,006.04	3,182.67
403	Depreciation Expense	32,307.00	33,371.11
408	Taxes Other Than Income	7,472.48	7,800.74
408.11	Property Taxes	8,559.89	9,801.28
409	Income Tax	NA	NA
	TOTAL OPERATING EXPENSES	\$ 174,872.81	\$ 188,254.31
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 1,374.71	\$ 2,074.98
421	Non-Utility Income	NA	NA
426	Miscellaneous Non-Utility Expenses	NA	NA
427	Interest Expense	779.19	466.70
	TOTAL OTHER INCOME/EXP	\$ 595.52	\$ 1,608.28
	NET INCOME/(LOSS)	\$ 24,253.28	\$ 12,497.51

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	NA	NA	NA	NA
Source of Loan	NA	NA	NA	NA
ACC Decision No.	NA	NA	NA	NA
Reason for Loan	NA	NA	NA	NA
Dollar Amount Issued	\$ NA	\$ NA	\$ NA	\$ NA
Amount Outstanding	\$ NA	\$ NA	\$ NA	\$ NA
Date of Maturity	NA	NA	NA	NA
Interest Rate	NA	NA	NA	NA
Current Year Interest	\$ NA	\$ NA	\$ NA	\$ NA
Current Year Principle	\$ NA	\$ NA	\$ NA	\$ NA

Meter Deposit Balance at Test Year End

\$ 27,856.59

Meter Deposits Refunded During the Test Year

\$ 5,176.06

COMPANY NAME VERDE LAKES WATER CORPORATION

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
55-801447	5	60	10	(
55-524343	5	60	10	(3
55-801449	5	60	6	(
550524344	10	90	10	(4
55-559150	10	NA	8	NOT IN SERVICE

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
NA		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = 73,410

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7½	7	NA	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
49,000	2	5,000	3
125,000	1		
10,000	1		
65,000	2		

STATISTICAL INFORMATION

Total number of customers	724	
Total number of gallons sold	56,154,704	gallons

COMPANY NAME VERDE LAKES WATER CORPORATION YEAR ENDING 12/31/2001

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>NA</u>
Estimated or Actual Federal Tax Liability	<u>NA</u>
State Taxable Income Reported	<u>NA</u>
Estimated or Actual State Tax Liability	<u>NA</u>
Amount of Grossed-Up Contributions/Advances:	<u>NA</u>
Amount of Contributions/Advances	<u>NA</u>
Amount of Gross-Up Tax Collected	<u>NA</u>
Total Grossed-Up Contributions/Advances	<u>NA</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

COMPANY NAME VERDE LAKES WATER CORPORATION YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

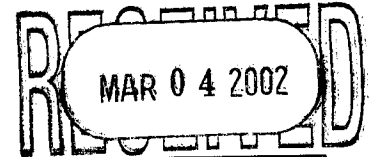
\$ 10,358.38

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

ARIZONA CORPORATION
COMMISSION



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) YAVAPAI	Director of Utilities
NAME (OWNER OR OFFICIAL) TITLE GREG ELMER, PRESIDENT OF BOARD OF DIRECTORS	
COMPANY NAME VERDE LAKES WATER CORPORATION	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$214,702.99

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 15,559.45
IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

28th

DAY OF

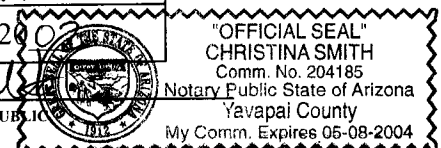
(SEAL)

MY COMMISSION EXPIRES

May 8, 2004

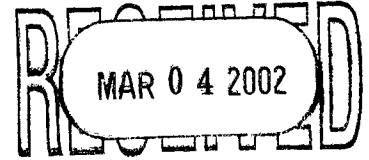
SIGNATURE OF OWNER OR OFFICIAL
928 567 4338
TELEPHONE NUMBER

COUNTY NAME	<u>Yavapai</u>
MONTH	<u>Feb</u> <u>2002</u>
SIGNATURE OF NOTARY PUBLIC <u>Christina Smith</u>	



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION



Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) YAVAPAI	
NAME (OWNER OR OFFICIAL) GREG ELMER	TITLE PRESIDENT
COMPANY NAME VERDE LAKES WATER CORPORATION	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 213,082.43
--

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 13,938.89
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X 
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

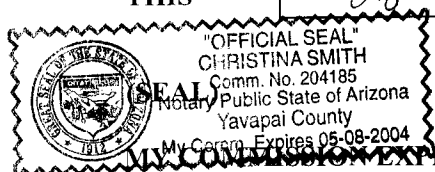
A NOTARY PUBLIC IN AND FOR THE COUNTY OF


THIS

28th

DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	20 02



X 
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES May 8, 2004

2000 2-12
VERDE LAKES WATER COROPORATION

2867 S. VERDE LAKES DR. 520-567-4338
CAMP VERDE, AZ 86322

6944

91-285
1221

DATE APRIL 23 2001

PAY TO THE ORDER OF ROSS D JACOBS, YAVAPAI COUNTY TREAS. \$ 4,761.36

FOUR THOUSAND SEVEN HUNDRED SIXTY-ONE AND 36/100

DOLLARS  Security features included. Details on back.

BANK ONE

Bank One, Arizona, NA
Camp Verde Office (085)
Camp Verde, Arizona

FOR

928-42-877, 928-42-870-7

⑈006944⑈ ⑆122100024⑆

21383434⑈

⑈0000476136⑈

VERDE LAKES WATER COROPORATION

2867 S. VERDE LAKES DR. 520-567-4338
CAMP VERDE, AZ 86322

7144

91-285
1221

DATE OCT 22 2001

PAY TO THE ORDER OF ROSS JACOBS, YAVAPAI COUNTY TREASURER \$ 5,597.02

FIVE THOUSAND FIVE HUNDRED NINETY-SEVEN AND 02/100

DOLLARS  Security features included. Details on back.

BANK ONE

Bank One, Arizona, NA
Phoenix, Arizona 85073
www.bankone.com

FOR PARCELS 928-42-870-7, 928-42-877-8

⑈007144⑈ ⑆122100024⑆

21383434⑈

⑈0000559702⑈

FOR DEPOSIT ONLY

04 27 01

YAVAPAI
COUNTY
TREASURER

3023 98719

122100024
122100024
122100024
122100024
122100024

AP 01 21

122100024

BANK ONE, ARIZONA, N.A.
PHOENIX, ARIZONA

122100024

10252001 YAVAPAI CREDIT TO PAYEE'S ACCT
4159A BILL ENDORSEMENT GUARANTEED
20658284 BANK ONE, PHOENIX, AZ
1221-00024

OT 01

122100024

BANK ONE, ARIZONA, N.A.
PHOENIX, ARIZONA

122100024